

Magnetic Media  
Reporting Requirements  
for **Independent  
Contractor  
Reporting**

Tax Branch

January 1, 2001

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## I. Introduction

### Background

Since 1998, all employers have been required to report new hires in California to the Employment Development Department (EDD) as part of the New Employee Registry program. In 1999, Senate Bill 542 was passed by the California Legislature to expand reporting requirements to include independent contractors. Effective January 1, 2001, any business deriving trade or business income from sources within this state or subject to the laws of this state that is required to file a Federal Form 1099-MISC for services performed by an independent contractor must report specific information to EDD. This legislation will further assist state agencies in establishing, modifying, or enforcing child support obligations.

Questions regarding the Independent Contractor Reporting (ICR) program may be directed to the hotline at (916) 657-0529.

## II. Program Requirements

### Filing Requirements

Business or government entities are not required to report independent contractor information magnetically. We do however encourage any business or government entity filing data for more than 25 independent contractors to report using magnetic media.

### Application Requirements

A *Magnetic Media Filing Registration*, DE 164 must be completed (Reference Registration Exhibit). Under the heading "Filing Information" please check the "**Other**" box and write in "Independent Contractor" or "ICR" in the space provided.

### Approval Process

Before reporting on magnetic media to the State, an organization must first complete a *Magnetic Media Filing Registration*, DE 164, and submit a test file. Test files may be submitted beginning December 1, 2000, prior to the initial reporting (January 1, 2001). The registration and test file should be mailed to:

Magnetic Media Testing Unit, MIC 15  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280-0001

**Filing Deadlines** Independent contractor information must be submitted within 20 days of EITHER making payments totaling \$600 or more, OR entering into a contract for \$600 or more with an independent contractor in any calendar year.

**Penalties** The EDD may assess a penalty of \$24 for each failure to comply within the required time frames. Also, a penalty of \$490 may be assessed for the failure to report independent contractor information if the failure is the result of conspiracy between the service-recipient and service-provider.

**Acceptable Media** Independent contractor information may be filed on any of the following types of media: 3½ inch diskette, 5¼ inch diskette, ½ inch 9 track magnetic reel tape, or IBM-compatible 3480 or 3490 tape cartridge. **EDD prefers that 3½ inch diskette files be submitted to optimize processing efficiency.** Magnetic tapes and cartridges are returned after processing is completed. It is not cost effective for the department to return diskette files.

### **III. Magnetic Media Specifications and Format**

**Diskette Specifications** Data may be written on either 3½ inch or 5¼ inch diskettes, although 3½ inch diskettes are preferred. Data must be recorded in standard ASCII code created on MS/PC-DOS operating systems. Data must be written in **upper case letters only**. All diskettes should be virus scanned before submission to EDD. If EDD detects a virus, the diskette(s) will be returned unprocessed. The EDD does not accept back-up or compressed files. Acceptable density types are double-sided, double density and double-sided, high density. Multi-volume diskette files are acceptable. A multi-volume diskette is a file for which the number of data records exceeds the capacity of a single diskette, so the data must be continued onto one or more subsequent diskettes, i.e., volumes. A multi-volume diskette file properly begins with a Code RIC - Service Recipient Record on volume 1 and ends with a Code TIC - Total Record on the last volume. The external diskette labels for a multi-volume file **MUST** indicate the proper sequence (e.g., VOL 2 of 3) for processing.

The file name should be reported as “**INDCONTR.**” Each record in the file must be created with a fixed length of 175 characters. If record delimiters are used (CR - Carriage Return followed by LF - Line Feed), they must follow the last character of each record and be placed in positions 176 and 177, respectively. You may report multiple businesses and/or government entities on the same diskette file. However, each business and/or government entity must have a valid Federal Employer Identification Number (FEIN) before it can be reported on magnetic media. Otherwise, please report information on the paper forms DE 542.

## Tape/Cartridge Specifications

Data may be reported either on a ½ inch 9 track magnetic reel tape or IBM-compatible 3480 or 3490 tape cartridges in the unpacked mode. For tape reel users, the recording density may be either 6250 or 1600 characters per inch (CPI). Density of 6250 is preferred. Tape cartridge users may use a density of 38,000 CPI. Compressed files are not acceptable. Tapes/cartridges may be submitted with either no label or standard IBM OS/VS header and trailer labels. Labels must be separated from the data records by a tape mark. EDD prefers that magnetic tapes and cartridges be recorded in Extended Binary Coded Decimal Interchange Code (EBCDIC). However, tapes written in American Standard Code for Information Interchange (ASCII) are also acceptable. Header and trailers must be written in the same recording density as the data records.

Each record must be a uniform length of 175 characters (or 176). EDD prefers a 175 character record. If your system cannot produce an odd number record length, EDD will accept a 176 character length. In tape/cartridge files with a record length of 176, the 176<sup>th</sup> character must contain a blank, which is coded in the same character set as the first 175 characters. For example, if the first 175 characters are coded in or translated to EBCDIC, character 176 must also be coded in or translated to EBCDIC. **Only upper case letters** are acceptable on magnetic media files. Tape and cartridge files are to be created with **30 records per block**. Records on the tape/cartridge must be created with a fixed block size. Tapes written with variable block sizes with record descriptor words are not acceptable and will be returned to the transmitter for correction. A short block is acceptable only at the end of the tape file

Multiple businesses and/or government entities may be reported on the same tape or cartridge file. However, EDD does not accept multiple-reel or cartridge files. EDD requires that each reel or cartridge be a separate file (i.e., it must start with a Code RIC - Service Recipient Record and end with a Code TIC - Total Record). However, each business and/or government entity must have a valid FEIN before it can be reported on magnetic media. Otherwise, please report information on the paper forms DE 542.

## Shipping Instructions

Complete a DE 542T, *Transmittal for Independent Contractor Reporting* (Reference Transmittal Exhibit) for each magnetic media file being submitted. Affix a completed transmitter identification label to each tape or diskette, and mail with the completed transmittal form together, in a box or mailer with proper padding to prevent damage in transit, to:

Employment Development Department  
P.O. Box 997350, MIC 99  
Sacramento, CA 95899-7350

Information  
Contact

To request forms, labels, or information relative to magnetic media reporting of independent contractor data, please call (916) 651-6945, or write to:

Magnetic Media Coordinators, MIC 15  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280-0001

# Independent Contractor Reporting Format

## General Record Usage Information

Both magnetic tape/cartridge and diskette filers must use this format. There are three record types that are required to create an independent contractor report. Use the information provided below and the technical requirements and specifications for either diskettes or tape/cartridges to prepare the report. The **Code RIC** - Service Recipient Record identifies a business or government entity whose independent contractor information is being reported. The **Code PIC** - Service Provider Record is used to report the independent contractor data. A separate Code PIC record must be generated for each independent contractor to be reported. The **Code TIC** - Total Record contains the total number of Code PIC records reported since the last Code RIC record. A Code TIC record must be generated for each Code RIC record.

## CODE RIC – SERVICE RECIPIENT RECORD

LOCATION	FIELD	LENGTH	DESCRIPTION AND REMARKS
1-3	Record Identifier	3	Enter "RIC." Each business or government entity to be reported must begin with a Code "RIC" record.
4-12	Federal Employer Identification Number (FEIN)	9	Enter the business or government entity's assigned FEIN. Omit hyphens. Required element.
13-20	EDD Employer Account Number	8	Enter the number assigned by the California EDD, if applicable. A seven digit account number followed by a check digit. Left justify and zero fill. Do not enter blanks or hyphens.
21-29	Service Recipient's SSN	9	Enter the service recipient's Social Security Number, if applicable.
30-74	Business or Government Entity Name	45	Enter the business or government entity name. Left justify and blank fill.
75-114	Street Address	40	Enter the service recipient's street address. Left justify and blank fill.
115-139	City	25	Enter the service recipient's city. Left justify and blank fill.
140-141	State	2	Use the valid U.S. Postal Service state abbreviation.
142-146	Zip Code/Foreign Postal Code	5	Enter a valid Zip Code. For a foreign address, use this field for the Foreign Postal Code. Left justify and blank fill.
147-150	Zip Code Extension	4	Use this field for the four digit extension of the Zip Code. Left justify and blank fill. If this field is not applicable, leave blank.
151-153	Area Code	3	Enter the three digit area code of the service recipient.
154-160	Telephone Number	7	Enter the seven digit telephone number of the service recipient. Do not enter blanks or hyphens.
161-175	Blank	15	Enter blanks.

## CODE PIC – SERVICE PROVIDER RECORD

LOCATION	FIELD	LENGTH	DESCRIPTION AND REMARKS
1-3	Record Identifier	3	Enter "PIC."
4-12	Service Provider's SSN (Independent Contractor)	9	Enter the service provider's Social Security Number.
13-28	Service Provider's First Name	16	Enter the service provider's first name. Left justify and blank fill.
29	Service Provider's Middle Initial	1	Enter the service provider's middle initial. If no middle initial, leave blank.
30-59	Service Provider's Last Name	30	Enter the service provider's last name. Left justify and blank fill.
60-99	Service Provider's Address	40	Enter service provider's address. Left justify and blank fill.
100-124	City	25	Enter service provider's city. Left justify and blank fill.
125-126	State	2	Use the valid U.S. Postal Service state abbreviation.
127-131	Zip Code/Foreign Postal Code	5	Enter a valid Zip Code. For a foreign address, use this field for the Foreign Postal Code. Left justify and blank fill.
132-135	Zip Code Extension	4	Use this field for the four digit extension of the Zip Code. Left justify and blank fill. If this field is not applicable, leave blank.
136-143	Date of Contract	8	Enter the start date of the contract in a YYYYMMDD format. Enter start date of contract or if no contract, the date when total payments made equal or exceed \$600.
144-154	Amount of Contract	11	Enter the amount of the contract, including dollars and cents. Do not enter dollar signs, commas, or decimal points. Right justify and zero fill. If applicable.
155-162	Contract Expiration Date	8	Enter the expiration date of the contract in a YYYYMMDD format. Required element unless contract is ongoing.
163	Ongoing Contract	1	Enter "Y" if applicable, otherwise leave blank.
164-175	Blank	12	Enter blanks.



## CODE TIC - TOTAL RECORD

LOCATION	FIELD	LENGTH	DESCRIPTION AND REMARKS
1-3	Record Identifier	3	Enter "TIC."
4-14	Number of Service Providers (Independent Contractors) Reported	11	Enter the total number of Code "PIC" records reported since the last Code "RIC" record. Right justify and zero fill.
15-175	Blank	161	Enter blanks.

State of California

## MAGNETIC MEDIA FILING REGISTRATION

Send to:  
MAGNETIC MEDIA COORDINATORS, MIC 15  
EMPLOYMENT DEVELOPMENT DEPARTMENT  
P.O. BOX 826880  
SACRAMENTO, CA 94280-0001  
(916) 654-6845

Please complete the following information if your company plans to file on magnetic media.

Transmitting Company Name		Date
Address		Federal Employer Identification Number
City, State and ZIP		State Employer Account Number
Contact for Technical Information (Name)	Title	Telephone Number and Extension ( )

### FILING INFORMATION

Please indicate the document type(s) you plan to file and the filing period when you plan to begin filing on magnetic media.		
<input type="checkbox"/> DE 6	<input type="checkbox"/> 1 <sup>st</sup> Quarter	<input type="checkbox"/> 2 <sup>nd</sup> Quarter
<input type="checkbox"/> 3 <sup>rd</sup> Quarter	<input type="checkbox"/> 4 <sup>th</sup> Quarter	Year: _____
<input type="checkbox"/> Other _____		
Please indicate the estimated average number of employees to be reported during the reporting period. _____		
Do you plan to act as a transmitter for other Employers?		
<input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, please prepare a list of the names, State Employer Account Numbers, Federal Employer Identification Numbers (FEIN) and estimated numbers of employees of those employers you plan to report for and attach it to this form.		
Do you plan to purchase software or services to create your media file?		
<input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, please provide the following information:		
Software/Service Company Name	Representative Name	Telephone Number ( )

### SYSTEM/MEDIA CHARACTERISTICS

TAPE/CARTRIDGE	DISKETTE
Computer Make/Model:	System Model; e.g., IBM System 36:
Recording Density (BPI): <input type="checkbox"/> 6250 <input type="checkbox"/> 1600	Operating System; e.g., MS-DOS V4.0:
Coding Structure: <input type="checkbox"/> EBCDIC <input type="checkbox"/> ASCII	Diskette Size: <input type="checkbox"/> 5 1/4" <input type="checkbox"/> 3 1/2"

### AUTHORIZED REPRESENTATIVE OF ORGANIZATION

Name and Title (Type or Print)	Telephone Number ( )
Signature	Date

P.O. Box 997350, MIC 99  
Sacramento CA 95899-7350  
(916) 651-6945

Transmittal Date: \_\_\_\_\_

## TRANSMITTAL FOR INDEPENDENT CONTRACTOR (IC) REPORTING

### PART I - TRANSMITTER / CONTACT INFORMATION

Transmitting Firm Name and Address:	Transmitting Firm's FEIN or State Employer Account Number:
	Transmitting Firm's Contact Person:
	Name: _____
	Phone: _____

### PART II - FIRM(S) BEING REPORTED

(Attach additional sheets if needed. Computer printouts of the required data may also be attached).

Business or Government Entity (Firm #1):		Business or Government Entity (Firm #2):	
FEIN or State ID Number:	No. IC's Reported:	FEIN or State ID Number:	No. IC's Reported:
Business or Government Entity (Firm #3):		Business or Government Entity (Firm #4):	
FEIN or State ID Number:	No. IC's Reported:	FEIN or State ID Number:	No. IC's Reported:
Business or Government Entity (Firm #5):		Business or Government Entity (Firm #6):	
FEIN or State ID Number:	No. IC's Reported:	FEIN or State ID Number:	No. IC's Reported:
Business or Government Entity (Firm #7):		Business or Government Entity (Firm #8):	
FEIN or State ID Number:	No. IC's Reported:	FEIN or State ID Number:	No. IC's Reported:

Total Number of Independent Contractors Reported on File: \_\_\_\_\_

### PART III - MAGNETIC MEDIA FILE INFORMATION

☐ 9 Track Magnetic Tape   
 ☐ 3480 Cartridge   
 ☐ 3490 Cartridge

Internal Label:

☐ Yes   
 ☐ No

☐ Diskette:

☐ 5 1/4 Inch   
 ☐ 3 1/2 Inch



**STATE OF CALIFORNIA**

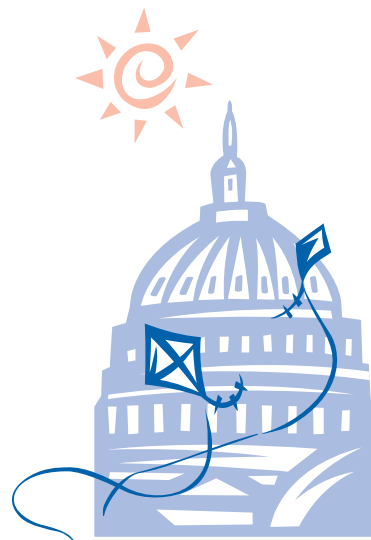
Gray Davis  
Governor

**HEALTH AND HUMAN SERVICES AGENCY**

Grantland Johnson  
Secretary

**EMPLOYMENT DEVELOPMENT DEPARTMENT**

Michael S. Bernick  
Director



The California State Employment Development Department (EDD), as a recipient of federal and state funds, is an equal opportunity employer/program and is in compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act (ADA).

You can obtain information about accommodations for disabilities by contacting your local Employment Tax Customer Service Office (ETCSO). The number is listed in the telephone directory under "State Government Offices, Employment Development Department."